

Ira D. Kharasch (CA Bar No. 109084)
 Scotta E. McFarland (CA Bar No. 165391)
 Victoria A. Newmark (CA Bar No. 183581)
 Pachulski Stang Ziehl & Jones LLP
 10100 Santa Monica Boulevard, 11th Floor
 Los Angeles, California 90067-4100
 Telephone: 310/277-6910
 Facsimile: 310/201-0760
 Email: ikharasch@pszjlaw.com
smcfarland@pszjlaw.com
vnewmark@pszjlaw.com

Sallie B. Armstrong (NV Bar No. 1243)
 Downey Brand
 427 West Plumb Lane
 Reno, Nevada 89509
 Telephone: 775/329-5900
 Facsimile: 775/786-5443
 Email: sarmstrong@downeybrand.com

Attorneys for Debtors and Debtors in Possession

Attorneys for Debtors and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
 FOR THE DISTRICT OF NEVADA**

In re:
 SPECIALTY TRUST, INC., et al.

- ☒ Affects this Debtor
- ☐ Affects all Debtors
- ☐ Affects Specialty Acquisition Corp.
- ☐ Affects SAC II
- ☐ Affects SAC D-1, LLC

Chapter 11

**Jointly Administered under
 Case No. 10-51432-GWZ**

Case Nos.
 10-51432
 10-51437
 10-51440
 10-51441

**DECLARATION OF NELLO
 GONFIANTINI III IN SUPPORT OF
 DEBTOR'S MOTION FOR ORDER
 (I) AUTHORIZING THE SALE OF
 CERTAIN REAL PROPERTY
 LOCATED AT N. DURANGO DRIVE
 AND DEER SPRINGS WAY IN LAS
 VEGAS, NEVADA, FREE AND
 CLEAR OF LIENS, AND
 (II) WAIVING THE 14-DAY STAY
 UNDER F.R.B.P. 6004(h)**

**Date: July 19, 2010
 Time: 11:00 a.m.**

I, Nello Gonfiantini III, declare:

PACHULSKI STANG ZIEHL & JONES LLP
 ATTORNEYS AT LAW
 LOS ANGELES, CALIFORNIA

1 1. I am the current chairman and chief executive officer of the above-captioned debtors
2 and debtors in possession Specialty Trust, Inc., *et al.* (the "Debtors"). Except as otherwise indicated,
3 the statements made herein are based on my personal knowledge.

4 2. I make this declaration in support of the *Debtor's Motion for Order (i) Authorizing*
5 *the Sale of Certain Real Property Located at N. Durango Drive and Deer Springs Way in Las Vegas,*
6 *Nevada, Free and Clear of Liens, and (ii) Waiving the 14-Day Stay Under F.R.B.P. 6004(h)* (the
7 "Motion"). Each capitalized term not otherwise defined herein shall have the meaning ascribed in
8 the Motion.

9 3. As of the Petition Date, Specialty Trust, Inc. ("Specialty Trust") owned
10 approximately 3.62 acres of undeveloped real property located at the northwest corner of N.
11 Durango Drive and Deer Springs Way in the City of Las Vegas, Nevada (the "Property"). The
12 Property is situated across the street from the Centennial Hills Hospital Center approximately two
13 miles west of the Interstate 95 freeway.

14 4. Specialty Trust acquired the Property on April 20, 2010 at the public sale of the
15 Property upon the foreclosure of Specialty Trust's lien on the Property for a credit bid in the amount
16 of \$1,800,000. There were no competing bids at the foreclosure sale.

17 5. On May 20, 2010, Specialty Trust entered into an exclusive broker's agreement with
18 Colliers International ("Colliers") to list the Property for sale. The Property was listed for sale on
19 www.propertyline.com and on Colliers' website, www.colliers.com. In addition, I am advised that
20 Colliers sent out an email broadcast to approximately 4,400 brokers and potential buyers nationwide.

21 6. Specialty Trust received three bids for the Property, all from non-insiders. Of the
22 three bids that were received, the initial bid of the Purchaser was significantly higher. After arms-
23 length negotiation with the Purchaser and in consultation with Colliers and real estate and
24 bankruptcy counsel, Specialty Trust entered into that certain *Purchase and Sale Agreement* dated
25 June 29, 2010 (the "Purchase Agreement"), pursuant to which the Purchaser agrees to purchase the
26 Property for \$1,900,000 in cash.

27 7. There are no known encumbrances against the Property. It is anticipated that the
28 brokerage commission to be paid in connection with the sale will be 5-6% of the purchase price.

1 8. It is my belief that the proposed sale of the Property is supported by a sound business
2 justification. Due to the impact of the economic downturn on the Debtors' business, the Debtors are
3 experiencing severe liquidity issues. Since the Property has not been pledged to any of the holders
4 of the Debtors' secured debt, the sale proceeds will be unencumbered cash that the Debtors plan to
5 use for operations and to pay expenses of administration of the Cases. If the Property is not sold, the
6 estate will run out of cash by the end of August. In addition, selling the Property now will also
7 reduce expenses of the estate. The Property is undeveloped and thus is not generating any income to
8 pay for its holding costs such as property taxes.

9 9. It is my belief that the transaction was negotiated in good faith and at arm's length.
10 The Purchaser is not an "insider" or "affiliate" of the Debtors, and has no other connections with
11 Specialty Trust or its principals. The terms and conditions of the transaction were negotiated by me
12 in consultation with Colliers and the Debtor's real estate and bankruptcy counsel.

13 10. Based on my statements herein and the *Declaration of Charles E. Jack IV, MAI* filed
14 concurrently herewith, it is my belief that, under the circumstances of this case, consummating the
15 transaction is in the best interest of the estate.

16
17 *[Balance of page intentionally blank]*
18
19
20
21
22
23
24
25
26
27
28

1 I declare under penalty of perjury that the foregoing is true and correct and that this
2 declaration was executed this 1st day of July, 2010 at Reno, Nevada.

3
4 
5 Nello Gonfiantini III
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

PACHULSKI STANG ZIEHL & JONES LLP
ATTORNEYS AT LAW
LOS ANGELES, CALIFORNIA